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REPORT OF THE SOUTH COMMISSION

Note by the Secretary-General

Addendum

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I. REPLIES RECEIVED FROM GOVERNMENTS

THAILAND

[Original: English]

1. The recommendations in the report of the South Commission cover large areas of cooperation, i.e. finance, trade, business, administration, transport and infrastructure, food security, science and technology, environment and information and communications. However, priorities should be given to the more practical recommendations so as to benefit most the developing countries.

2. As regards production control as a means to enhance cooperation in commodities, this may not be effective in those developing countries whose main income is generated by producing and exporting such commodities. Thailand has experienced the weaknesses and constraints in effectively implementing production control.

3. As to the recommendation to establish a single institution to accommodate several institutions for cooperation among developing countries, Thailand is of the view that developing countries should, at this stage, strengthen the existing institutions for cooperation first and expand such cooperation later, without any confrontation between the developed and developing countries.

4. In principle, Thailand supports cooperation among developing countries.

UKRAINIAN SOVIET SOCIALIST REPUBLIC

[Original: Russian]

1. In its approach to the complex set of problems facing the developing countries the Ukrainian Soviet Socialist Republic takes the position of principle of supporting their efforts to overcome their underdevelopment and find ways of resolving their economic crisis, reactivating growth and ensuring sustainable development.

2. Given the increasing interdependence of States and the extension of the international division of labour, the Ukrainian SSR is convinced that these problems can be effectively solved only through a universal dialogue, and that the central forum for such a dialogue must be the United Nations.

3. In accordance with this position the Ukrainian SSR approves of the decision taken by the General Assembly in its resolution 45/195 to convene, during the second regular session of 1991 of the Economic and Social Council, a meeting devoted to an informal exchange of views on the conclusions and recommendations contained in the report of the South Commission.

4. In the opinion of the Ukrainian SSR this document warrants close study. It contains an expert analysis and summary of the copious documentation on the

problems of the South, together with generally balanced and useful recommendations on possible measures whose adoption would help to attain the strategic goal of securing economic growth and social progress in the developing countries.

5. At the same time the measures proposed in the report must be viewed in close conjunction with the concluding documents of the major international economic meetings held in 1990. Chief among the documents to which this applies are: the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries adopted by the eighteenth special session of the General Assembly (resolution S-18/3); the Programme of Action for the Least Developed Countries for the 1990s and the Paris Declaration adopted by the United Nations Conference on the Least Developed Countries; and the International Development Strategy for the Fourth United Nations Development Decade drafted in the United Nations and adopted by the General Assembly at its forty-fifth session in its resolution 45/199.

6. These are programme documents based on a global consensus concerning ways of solving the problems of world development, primarily the problems of the developing countries.

7. The Ukrainian SSR took an active part both in the drafting and in the final stage of the adoption of these documents and it remains dedicated to the principles governing the progress of the world community towards harmonious economic interaction which were agreed on a multilateral basis.

8. The special significance of these principles is that they are based on the realities of the contemporary world, in particular the general warming of the political climate, the breakthrough towards disarmament and removal of the possibility of a nuclear war, the development of East-West relations, the profound transformations in the countries of Eastern Europe, and the growing role of the countries of the South.

9. The Ukrainian SSR endorses the priority-sector approach to the solution of the problems of the world economy set out in these documents, in particular in the report of the South Commission, an approach focused on the need to reactivate economic growth and social development in the developing countries. This approach also addresses the solution of the foreign debt crisis, environmental protection, a just resolution of the situation in the commodity markets, food supplies, etc.

10. The reduction of these tasks to a common denominator - man, who is the fulcrum and ultimate target of sustainable development - can and must become the focus and main criterion of more vigorous practical measures to combat economic backwardness, hunger, poverty, illiteracy and disease.

11. It is an indispensable condition of the practical implementation of these tasks to guarantee the interests of all countries and regions and to ensure their harmonious integration in the whole rich tapestry of socio-economic, trade and scientific and technical relations.

12. Very great importance attaches to the provisions linking the commitment of the international community to support the efforts of the developing countries for the solution of their economic and social problems to the responsibility of every country for its own economic policy. In turn, this policy must take into account obligations with respect to international economic cooperation. Such an approach will make it possible to develop universal and mutually advantageous economic links designed to create, in accordance with the principles of the economic openness of States, favourable conditions for integrating national economies into the world economy and adapting them to changes in international economic life.

13. Such adaptation presupposes the combination of domestic efforts with foreign assistance. States must therefore comply in their economic policy with the principles of the harmonization of national and international factors, on the understanding that every country remains free to choose its own social and political system and model of economic development.

14. The practical application of the principle of "disarmament for development" is a powerful means of securing external assistance for world development, for it envisages the transfer of enormous resources from the military to the civilian sphere.

15. In advocating an enhanced role for the organs and specialized agencies of the United Nations in solving global problems, including problems of trade and development, the Ukrainian SSR is interested in a discussion of the issues relating to the introduction of organizational changes in the machinery of multilateral trade and economic cooperation in response to the demands of today's world. In this connection the idea of setting up an international trade organization is interesting and warrants serious study. Any work on a fundamental approach to this idea, should it be developed further, must be based on the generally accepted United Nations principles for the establishment of such organizations, first among which principles is universality of membership.

16. Mention must also be made of the provisions of the above-mentioned documents, in particular the report of the South Commission, which express support for the efforts of the Eastern European States to carry through radical economic reforms and for their integration in the world economic system.

17. The Ukrainian SSR regards these provisions as relating directly to itself. The Declaration on the State Sovereignty of the Ukraine and the Law on Economic Independence adopted by the Parliament of the Republic have laid a solid political and legal foundation for the radical restructuring of the economic machinery of the Ukrainian SSR, the genuine transformation of the country into a fully fledged participant in international relations and the more active involvement of its economy in the international division of labour. On the basis of its State sovereignty the Republic is able to pursue an independent policy of extending and strengthening its foreign economic links and formulating a new system of cooperation with other countries,

including the developing countries, on the basis of the principles of common interest, equality of rights, and mutual advantage.

18. Despite the difficulties of this transitional period and within the limits of its capacity the Ukrainian SSR is assisting the developing countries to overcome their backwardness and build and develop their national economies.

19. Today the Ukraine ships its goods to 123 countries in the world, including 82 developing countries. Thousands of Ukrainian specialists are involved in the construction and reconstruction of various national economic facilities in these countries.

20. One form of the assistance furnished by the Ukrainian SSR to the developing countries is training for their skilled personnel. Since 1961 higher and secondary technical education institutions in the Ukraine have been providing training for personnel from these countries. Over the years a large contingent of students from 98 countries of Asia, Africa and Latin America have come to study in the Ukraine. At present some thousands of nationals of the developing countries are studying at 136 educational institutions in the Republic.

21. Over the 20 years for which UNIDO seminar-workshops on electric welding and metal-working have operated in the Ukraine hundreds of specialists from the developing countries have upgraded their skills at them.

22. The Ukrainian SSR, with its considerable economic and scientific and technical potential, is ready to continue to develop its cooperation with the countries of the South in a broad range of areas. And the profound processes of restructuring taking place in the Republic are creating favourable objective conditions for extending and strengthening such cooperation.

II. REPLIES RECEIVED FROM BODIES OF THE UNITED NATIONS SYSTEM

A. United Nations

UNITED NATIONS UNIVERSITY

[Original: English]

1. Comments of the Director of the University's World Institute for Development Economics Research

1. The South Commission, established in 1987 as an independent body and consisting of eminent experts from many developing countries serving in their personal capacity, faced a daunting task: to identify the underlying causes of the severe and continuing crisis of development that has afflicted the third world over the past decade, and to propose ways by which developing countries could surmount the crisis, resume growth and undertake a process of sustained development.

2. The Commission has produced a wide-ranging report, dealing not only with purely economic issues but also with social, ideological and political aspects. It considers policies to improve growth and development within individual countries, as well as policies based on cooperation among developing countries, and policies to enhance the cooperative efforts of developing and developed countries. A major feature is the treatment of these various issues within a single coherent conceptual framework.

3. The basic message of the report is that the effort to overcome the economic and social crisis in the South rests mainly with the developing countries themselves. More specifically, the continuing hostile international economic environment means that the developing countries must use their own resources more fully, and must cooperate much more closely among themselves, particularly in trade, in finance and in technology, if they are to succeed in regaining their development momentum. However, much of the report is concerned also with economic relations between the South and the North, and with measures that could be taken to make the international system much more supportive of the development process.

4. As regards the first issue, using the domestic resources of individual countries more fully (the "national dimension"), the report stresses that satisfying the basic needs of the population should be given high priority, since this is essential for "people-centred" development (which is seen as an essential element of the concept of sustainable development). National Governments should consequently plan for large increases in domestic saving and investment to support the basic needs approach and to protect the natural environment. They should also do much more to promote modern science and technology, reverse the tide of militarism and tackle the problem of corruption. Food security should be ensured by land reforms, where appropriate, and increased incentives for food production (chap. II of the report).

5. These and many other related proposals would no doubt be accepted as desirable in principle by many countries. However, there are likely to be major obstacles to their attainment in practice. Land reform, for example, is likely to be strongly resisted by existing agrarian elites, as would substantial reduction in defence budgets by military establishments. Moreover, the large expansion in domestic investment required for a successful basic needs development strategy may well exceed the funds available in many countries. None the less, the South Commission has performed a useful role in pointing the way forward to a more equitable kind of national development strategy. This has important implications also for the dominant role now played by the Bretton Woods institutions in determining the main lines of domestic policy in a large number of developing countries, where living standards have generally been seriously depressed by short-term stabilization and adjustment policies.

6. As regards the second major strand in the report's analysis - economic cooperation among developing countries - the argument advanced is that closer cooperation among developing countries can strengthen their economies and

reduce their present dependence on the North. The report is surely right in this, and in its emphasis that it is essential for the national leaders of developing countries to commit themselves politically to ensure that practical steps are, in fact, taken to promote cooperation among developing countries.

7. The report makes a wide range of proposals, covering many issues, to further the process of South-South economic cooperation. Again, most of these would appear as desirable, but many proposals would involve agreement and financial support by the North (including the Bretton Woods institutions). This is particularly apparent in the proposals relating to finance and debt, where the report calls for more financial resources for existing clearing and payments arrangements, more export credit facilities (including a new World Bank facility to refinance such export credits), and a new IMF Facility to support trade expansion among developing countries. Whether such financial support is likely to be forthcoming is, however, problematic, especially in view of the magnitude of the external financing support now envisaged for economic reform in Eastern Europe, and for reconstruction in the Middle East.

8. At the same time, many other proposals are capable of being realized by decisions taken by the developing countries themselves. These include, inter alia:

(a) The establishment of a debtors' forum for consultation, the coordination of debt management policies, and the consideration of the possibility of concerted action by debtors;

(b) The establishment of a group of experts to assist developing countries in negotiations with IMF and World Bank;

(c) The faster development of the general system of trade preferences;

(d) The formation of associations of countries producing primary commodities, having a predominant share of the world market, in order to obtain remunerative and stable prices through supply management;

(e) The encouragement of joint ventures between food surplus and food deficit developing countries to enhance food security;

(f) The identification of suitable areas for cooperation in scientific and technological research, and arrangements for sharing technologies which conserve energy and reduce pollution.

9. Some of these proposals may be controversial (e.g. a debtors' forum, and the management of commodity supply by producing countries), and more intensive exploration of their implications would be needed by those developing countries most concerned. This points to the need for new institutional arrangements where these and other proposals for cooperative action could be studied in greater depth and appropriate policies formulated. A beginning on these lines has, in fact, been made by a political commitment by 15 countries to advancing South-South cooperation (the G-15), in which context new forms of

cooperation in payments arrangements, in the development of centres of educational excellence, and in the promotion of cooperation among business enterprises, are now under active consideration. a/ A small secretariat being established in support of the work of the G-15 could eventually develop into a secretariat for the South. Many of the proposals put forward to enhance South-South cooperation have, in fact, been actively pursued in recent years by different parts of the United Nations system, with varying degrees of success. The establishment of a new political commitment by the G-15 could greatly speed the process of turning aspirations into reality.

10. The third strand of the South Commission report relates to North-South relations and the international system. A basic point stressed here is that a reformed international economic system is needed to help recovery and growth in the South, but such reform would also benefit the North. Though this argument has been repeated many times in United Nations forums, the North still appears reluctant to accept it.

11. More specifically, the report makes a large number of proposals of which six are selected as a "Six-point Programme for Immediate Action" (listed on pp. 52-54 of the report's "Overview and summary"). However, on present policies of the major developed countries, it would not seem likely that North-South agreement would be reached on most of these proposals.

12. For example, the proposal to scale down debt service to levels that would allow per capita income to grow by at least 2 to 3 per cent a year is unlikely to be acceptable to the major developed countries, which have so far insisted on dealing with the debt problem on a case-by-case basis without any agreement on general principles linking debt service with growth rates. Again, many developed countries may agree in principle to increasing ODA, but not to being bound by a specific amount at a given date.

13. Another example is the proposal for a contingency mechanism to protect developing countries against excessive fluctuations in interest rates, exchange rates and terms of trade. While the IMF Compensatory and Contingency Financing Facility does incorporate a mechanism on these lines, it is available only to countries which are implementing IMF stablization programmes. Moreover, the contingency facility, which was inaugurated in 1988, has so far not been utilized. The South Commission's proposal is a logical extension of the contingency principle to all developing countries, but on present IMF policies this is not likely to be accepted.

14. The Commission rightly argues that the crisis in commodity markets is as dramatic as that in the international financial system (p. 47), and calls for "a commitment to negotiate international agreements for commodities of special

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a/ Statement by Dr. Mahathir Mohamad, the Prime Minister of Malaysia, in August 1990 (South Letter, No. 7, September 1990, published by the South Commission, Geneva).

export interest to developing countries" (p. 53). Once again, however, this proposal would seem unrealistic in view of the general opposition of the main developed countries to measures involving intervention in the international commodity markets. It would seem that for the immediate future the best prospects for agreements to stablize and support primary commodity prices would arise from common action by the producing countries themselves.

15. The Commission does, however, make several important proposals which would merit early consideration and negotiation in appropriate forums, though they are not included in its Immediate Action Programme. There is, in particular, a proposal (p. 52) for the establishment of a peace and development fund into which a substantial part of the resources freed by the scaling down in arms budgets should be channelled. This proposal would merit a separate in-depth study, and could well attract widespread political support. A related proposal, by India, for a United Nations-administered planet protection fund, might possibly be combined with the peace and development fund into a single proposal, as indeed is suggested in the Commission's report (p. 52).

16. Another proposal not considered for the Immediate Action Programme is for greater use of special drawing rights (SDRs). The Commission calls for the allocation of "a reasonable amount of SDRs on a regular basis exclusively to developing countries over and above their small IMF quotas" (p. 44). This echoes a demand often made by developing countries over the past decade, but one which has been strongly opposed by the larger developed countries on the grounds that it would exacerbate inflationary pressures in the world economy. There are, however, strong grounds for immediate reconsideration of this issue by the IMF in view of the growing shortage of liquidity in the global economy. b/ A related issue, not discussed at all in the Commission's report, is the potential for using the IMF's gold stock to alleviate the immediate liquidity difficulties of developing countries, especially the poorer ones. c/

17. Another important issue raised in the Commission's report relates to the governance of the world economy. The continued lack of an international forum representative of both developed and developing countries to monitor global economic changes, and consider their implications for national and international policies, remains a major weakness in the working of the world

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b/ This issue is now under consideration in the IMF as a result of a recent initiative by Japan.

c/ The recent report of a United Nations Group of Experts (the "Fraser Report") entitled Africa's Commodity Problems: Towards a Solution, United Nations, New York, 1990, recommended the sale of 20 per cent of the IMF's gold stock over the next few years to deal with the arrears of poor countries with the IMF through new loans at low interest rates, and to contribute additional resources to the IMF Trust Fund for subsidizing interest rates on other advances to poor countries.

economy. The Commission proposes that the United Nations should play a central role in overcoming this weakness, by convening periodic summits of a representative group of nations from both North and South (p. 51).

18. The only summit meetings at present are those of the seven major industrial countries (G-7), where decisions are taken which can profoundly affect the economies of countries not represented. In an increasingly interdependent world economy, a move in the direction of a more representative summit would therefore be highly desirable, and the South Commission's proposal, which would give a central role to the United Nations, would seem preferable to enlarging the G-7 by adding representatives of other countries. d/ However, the G-7 countries might well resist any enlargement of summit representation if they feel that this would, in effect, undermine their present predominance in global decision-making. This remains a vital issue confronting the world community, which requires urgent consideration in the appropriate United Nations forums.

19. An underlying problem with many of the Commission's proposals in regard to North-South economic relations is that general recommendations are not likely to alter the prevailing views of Governments of the North which consider that such recommendations could adversely affect their own perceived interests. On many issues, it would be necessary to go beyond the call for changed policies on the part of the North by demonstrating that specific changes would bring definite, and preferably quantifiable, benefits to developed countries also.

20. The general reluctance of Governments of the North to consider any radical change in the existing trade, monetary and financial systems in order to promote development in the South indicates the desirability of intensifying South-South economic linkages and cooperation rather than continuing to focus almost exclusively on the so-called North-South dialogue. Indeed, as the Commission's report argues, in view of the likely continuation of slow growth in the North, an intensification of South-South cooperation must be regarded as an essential element in a viable strategy of economic recovery and development in the South. A question which arises for the United Nations system, as a consequence of this analysis, is whether and to what extent United Nations activities can also be reoriented towards support for South-South cooperation in the economic and social fields.

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d/ The argument for establishing a "Group of the Non-Five" (or of the Non-Seven) is set out in detail in World Economic Summits: The Role of Representative Groups in the Governance of the World Economy, World Institute for Development Economics Research (United Nations University), Helsinki, WIDER Study Group Series, No. 4, October 1989.

2. Comments of the Coordinator of the University's Programme for Biotechnology in Latin America and the Caribbean

21. The report begins by presenting the world in a process of rapid transition which is faulted to the scientific and technological advances. The science and technology revolution is, fundamentally, affecting societies, economics, and international relations.

22. New technologies offer dramatic new capabilities to humanity, but these innovations have proved not to be benign, as it has been shown with the military applications and the consequences to the biosphere. The widening gap in overall development and wealth between the nations of the South and those of the North is to a large extent the science and technology gap.

23. To face the challenge, developing countries have to exert a great effort in order to prepare themselves for this new era that faces the world. New capabilities have to be built rapidly and human resources are to be prepared in order to be informed so that they may choose the proper technologies offered, and adapt them to each country's reality.

24. In this context, the developing countries should have a regional or subregional objective, that in a long-term plan, may grant them the possibility of success in breaking through the basic weakness towards development, represented by the high cost of investment in basic science, research, and technological innovation. This attitude will lead to a South less dependent of the advances made in the North.

25. The main obstacle in pursuing this objective is the fact that developing countries have, to a large extent, neglected basic science as a tool towards development. As it is said in the report, far too little attention was given to applying science to improve agriculture, livestock, forestry, fishing, and food processing.

26. The green revolution succeeded in raising outputs and in ensuring a measure of national security, but unfortunately this accomplishment was limited in great extent to some crops such as maize, wheat, and rice. These achievements made the developing countries more dependent on chemical fertilizers and in general to the industrialized countries where the oil-based factories were installed.

27. Another obstacle that has affected the countries in their struggle for development is that policies on science and technology have usually not been integrated into national development plans. Moreover, public-sector projects for industries and infrastructure have often been financed by tied aid, which means that the capital equipment, design and engineering, and technology have to be purchased from the country providing the finance. This means that in the recipient countries there is no chance to choose between the technologies offered.

28. The most important of all the obstacles is the lack of a systemic relationship between scientific practice and technological applications. As it is said in the report, many scientists work alone, without support of productive enterprises. This attitude from the private sector may be explained by the fact that most of these groups often are linked to direct foreign investment that rely on imported technologies.

29. The report recognizes that knowledge is vital to the future of the South and that if progress is to be made it calls for the overhaul of the educational system in developing countries in order that more attention may be given to education in science and to training in engineering and technical skills. A redesign of the policies to clear sectorial priorities, integrate science and technology to national plans, and in general to strengthen the scientific and technological capabilities is a must in this new strategy towards the future of the South.

30. Developing countries, as it is said in the report, need to cooperate among themselves to pursue the objective of harnessing the growing potential of science and technology. These countries also need to stand together in facing the developed countries in multilateral negotiations, mainly in those matters related to technology, a common approach dealing with governments and corporations of the North will be of advantage to them.

31. The report suggests a three-pronged approach in order to set in motion a vigorous process of cooperation.

32. The Third World Academy of Sciences is mentioned in the report with its extensive programme of fellowships as a possible support for an exchange between researchers from scientific institutions in the South.

33. Another international agency mentioned in the report is the Centre for Science and Technology of the Non-Aligned and Other Developing Countries that should be invited to draw up, in cooperation with the Third World Academy of Sciences, and other institutions in the South, a programme of priorities or identified core areas where scientific and technological research should be conducted.

34. Finally, the report considers the formation of a new international regime for science and technology that should be negotiated between the North and the South, for which all the United Nations agencies are called to play a more prominent part in building up a scientific infrastructure in their areas of competence.

35. To finance this proposed new regime the South Commission suggests that part of the resources released from the reduction in defense budgets should be used to create a peace and development fund.

36. The members of the Commission responsible for the report entitled "The Challenge of the South" are all representatives from developing countries, well-known researchers and intellectuals, including heads of State, as well as

heads of financial institutions. The Commission does not count with representatives from developed countries that could have contributed to the possible solution which has to count on the active participation of people from the South and the North.

37. This absence becomes so important when one evaluates the possible consequences that will arise from the protected markets that developed countries are organizing. An example is the case of what is happening in Latin America and the Caribbean with the market agreement proposed by the United States of America with Canada and Mexico.

38. The report presents the real and crude image of the developing countries. It goes into some details to spot the reasons for the scientific and technological gap between the North and the South, only blameable factor, as mentioned in the report, for those differences that affect societies, economies, and international relations.

39. The strategy proposed in the report is based on a new educational system that will have to approach in a direct form the preparation of the new generation of scientists and technologists for the developing countries. This proposed system will, under a South-South cooperation framework, enhance scientific and technological capabilities but the difficulty for the system to evolve may be found in the different levels of progress made by the countries, and the political attitude of their governments towards an integration of all developing countries.

40. One of the most striking characteristics of the report is found in the procedure used to organize the new proposed regime: the most important international agency for the Commission is the Third World Academy of Sciences, the rest of the agencies of the United Nations system are only just mentioned.

41. The South Commission should have proposed to the Governments from the developing countries to strengthen, with the funds from the defense budgets, the international agencies that already exist, calling them to prepare a plan in which all of them could play an important role developing the proposed strategy.

42. While expressing agreement with the strategy, the Programme thinks that the mechanism to be used to implement the proposed plan should be changed in a way that would permit all international agencies to pool efforts for the benefit of all developing countries.

43. In this sense, UNU is on the right track, with its programmes for developing countries.

ECONOMIC COMMISSION FOR LATIN AMERICA AND THE CARIBBEAN

[Original: English]

1. ECLAC has read the report of the South Commission entitled Challenge to the South with much interest, and finds that it advocates many of the policies that the ECLAC secretariat has put forth to member Governments in the recent publication Changing Production Patterns and Social Equity. In particular, it shares the concerns of the South Commission regarding the need for new approaches to development. It also appreciates the pragmatic, flexible approach espoused by the members of the Commission, taking into account the diverse situations of the countries included in the "South".

2. Regarding more specific comments, the following can be made. First, although the report proposes innovative approaches to development, the more original aspects appear to be concentrated in the recommendations pertaining to domestic policy formulation and the adoption of national strategies. On matters referring to North-South relations, the influence of past proposals, such as the United Nations resolutions dealing with a new international economic order, still heavily influence the Commission's recommendations, in spite of the fact that the holistic approach taken in the past to redistribute the benefits of global economic growth in favour of the developing countries has not been very productive. Although it is useful to insist on the plight of the developing world in all international forums, it probably would be more promising to select a few key issues which would constitute the priority agenda of international cooperation and formulate specific proposals around each of them.

3. In the third place, ECLAC found that the part on South-South cooperation is the weakest of the report, both conceptually and in the area of concrete proposals. This is unfortunate, since a great potential for reactivating intraregional and interregional cooperation is seen, at least from the United Nations Secretariat's perspective.

4. In any case, on the whole ECLAC finds the report stimulating and useful. Chapter 3 is particularly well done, especially regarding the parts on human resources, as well as on science and technology. The report is also very supportive of multilateralism in general and of the United Nations in particular, and even has some constructive suggestions (pp. 263-265), as well as some criticisms (p. 219). ECLAC is very appreciative of this approach.

B. Specialized agencies and related organizations

INTERNATIONAL LABOUR ORGANISATION

[Original: English]

1. The report of the South Commission is presented to the world community at a time of far-reaching changes and new approaches to development policies. Much profound and serious preparation formed the basis of the report, and the Chairman of the South Commission, Dr. J. Nyerere, should be given the fullest credit for this.

2. Some of the ideas and recommendations of the report are outside the sphere of competence of ILO. Others, particularly those relating to development in the South, are to a large extent in line with the preoccupations and concerns of ILO. Some of the areas of prime concern to ILO are: the development of human resources in the South - both as an end in itself and a way to development; emphasizing basic needs in development strategies; formulating socially sensitive adjustment policies; developing off-farm employment and public works schemes; recognition of the role of the informal sector in the economy and society; assessing technological change and its effect on the traditional theories of comparative advantages; and changing training curriculae and providing training during working life.

3. The report fully acknowledges that further change should be people-oriented; and that people in the South ought to have the right to express and organize themselves, to travel and to migrate without fear of persecution. Here also the work of ILO, in particular its international labour standards, is relevant. ILO cooperates with each country, not only to increase ratification and application of adopted conventions and recommendations, but also to improve institutional capacity in countries to take better account of basic human and labour rights in all legislative and policy decisions. If the countries of the South establish a South secretariat as the report recommends, ILO hopes that the secretariat will give due emphasis to advancing human and labour rights.

4. The report of the South Commission also discusses at length the consequences of the debt crisis and other external factors, as well as of the accompanying adjustment policies, for the people in the South. This issue has been a subject of concern to ILO for many years. The ILO High-Level Meeting on Structural Adjustment in November 1987 urged all member States to develop national adjustment policies based on full consultation between various groups in society and taking into account the need to protect the weak and vulnerable in society from the adverse effects of these policies. The conclusions of this meeting have guided ILO policy-making, and served as the framework for country projects, advisory missions, and research activities which have enabled the organisation to express authoritatively the concerns of the world of labour in international discussions on the debt and adjustment crisis.

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

[Original: English]

1. The report provides a systematic analysis of issues central to the development of the South - science and technology, food security, trade and debt, financial flows, environment, gender dimension, the new balance between state and market, migration, health, demography, human resources and the strengthening of the United Nations. Emphasis on people-centred development within democratic institutions and structures as appropriate to the culture and history of each country is well placed. The division of the agenda of action in three parts concerning domestic policy, collective self-reliance and the South's solidarity is logical. FAO welcomes the optimistic future outlook of the report while taking note of the generally unfavourable trends of the 1990s.

2. The suggestion of the report that the South must take the initiative and responsibility for finding solutions to its current crisis should be commended. This is not a call for isolation of the South from the more developed North, but a recognition that the South cannot and should not depend on the North to rescue it. The report recognizes, however, the need for assistance and an improved economic environment.

3. The three-part agenda suggested by the report is generally in line with FAO's own thinking. First, nations must adopt people-centred development approaches which focus on satisfying basic needs and which, while recognizing the need for economic growth, do not assume that growth alone will mean improvement in conditions of all groups. The necessity for democratic structures and institutions is also supported.

4. Secondly, the focus on the need for greater South-South cooperation is also appropriate. Cooperation among countries of the South in several areas including trade, finance, business, food security, science and technology, the environment and communications is necessary.

5. Thirdly, the need for improved North-South relations and the role of the international system is also essential. Emphasis is on the need to relieve the debt burdens overhanging many of the South countries, the need to generate a flow of capital from the North to the South (even while recognizing the longer-term need to generate internal savings) and the need for a mechanism for creating orderly international liquidity. The need for reform of the trading system (GATT) is also seen as crucial to renewed economic growth, with the South requiring special consideration, at least during a transition period. Also measures and means to increase access to science and technology and to increase capacities within countries are important areas for North-South cooperation.

6. Overall the report is well-balanced and proposes a plan of action reasonably consistent with the long-term strategy and medium-term perspectives of FAO.

UNIVERSAL POSTAL UNION

[Original: French]

1. Introduction

1. The document entitled "The Challenge of the South: An Overview and Summary of the South Commission Report" demonstrates that the Commission undertook an in-depth study of the factors which can be held responsible for the persistent economic instability of the third world. The recommended solutions appear to be highly appropriate. Certain points raised by the document deserve particular attention.

2. Self-reliance

2. Given the generally disappointing experience of the disadvantaged countries with regard to their access to capital markets, and the declining volume of assistance in real terms, self-reliance will from now on be the best solution in any effort aimed at the economic recovery of those countries. They must develop a policy of self-reliance which will enable them progressively to turn to advantage all local resources, which are often insufficiently exploited because the management structure is not always adequate.

3. It is true that in a world where interdependence among countries is increasingly recognized as a necessity, the concept of self-reliance must be clearly defined and, even more important, it must be rigorously applied.

4. In that regard, the third world countries must:

(a) Consider whether it is advisable to limit the areas of government intervention within current structures;

(b) Establish a climate that is conducive to an enterprising spirit;

(c) Create the conditions of political stability necessary for attracting and retaining domestic and foreign investment;

(d) Mobilize domestic resources, particularly by improving tax systems - and especially by reforming frequently outmoded tax collection methods;

(e) Improve the quality of export products to make them more competitive on the international market.

5. Taking these steps could transform the concept of interdependence into a real solidarity pact among all the partners.

6. None the less, it must be recognized that the path to self-reliance will remain difficult if the indebtedness of the third world countries continues to be as overwhelming as it currently is. The industrialized countries and

banking institutions must be more flexible about the terms governing debt service.

3. Science and technology

7. Developing countries will have to make major efforts to narrow the gap that separates them from the industrialized countries. The third world countries will therefore have to devote a certain percentage of their GDP to developing the infrastructures for science and applied technology.

4. Management

8. Developing countries are increasingly aware of the need to restructure their management systems at the sectoral level. In order to ensure a better performance by personnel and a greater yield from material resources, it seems essential for the following principles to be adopted:

(a) Managerial autonomy for each sector of public activity, accompanied by *a posteriori* auditing;

(b) Application of the analytical accounting system, which is a part of the accounting discipline that is essential for better use of resources.

5. Human resources

9. It would be necessary to:

(a) Take steps to bring about a considerable reduction in the brain drain and attract back specialists who have emigrated abroad, especially to industrialized countries;

(b) Adapt the education policy to the existing employment opportunities of each country, while at the same time attempting to reorganize the labour market in line with the previously defined development objectives;

(c) Abandon the frequently costly training system which is totally unrelated to real development needs.

6. Implementation of the Programme of Action

10. The Programme of Action proposed by the Commission must, once it has been adopted by the countries, be closely followed up at the national and regional levels. On the basis of recommendations of the Commission, each country should formulate its own action programme in accordance with national priorities. The regional economic commissions and other international bodies concerned could be put in charge of following up on implementation of the action programmes.